

HOUSE BILL REPORT

E2SHB 1208

As Passed Legislature

Title: An act relating to property tax administration.

Brief Description: Concerning property tax administration.

Sponsors: House Committee on Finance (originally sponsored by Representatives Takko and Alexander).

Brief History:

Committee Activity:

Local Government & Housing: 2/4/09, 2/11/09 [DPS];
Finance: 2/24/09, 3/2/09 [DP2S(w/o sub LGH)].

Floor Activity

Passed House: 3/5/09, 97-0.
Senate Amended.
Passed Senate: 4/13/09, 36-10.
House Concurred.
Passed House: 4/20/09, 60-38.
Passed Legislature.

Brief Summary of Engrossed Second Substitute Bill

- Authorizes a county treasurer to begin collection of specified taxes and assessments once the treasurer completes the yearly tax roll.
- Makes payment dates for diking, drainage, or sewerage improvement district assessments the same as for property taxes.
- Requires that property tax refund claims be filed with the county treasurer within three years of the due date for payment, and eliminates the discretionary power of the county legislative authority to authorize such refunds beyond this three year time limit.
- Authorizes local taxing districts to levy additional property taxes to fund tax refunds and specified tax abatement reimbursements.
- Revises the procedural requirements for the consideration by local governing bodies of open space tax applications for property located in incorporated areas.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Ericksen, Assistant Ranking Minority Member; Cox, Miloscia, Short, Springer and White.

Staff: Thamas Osborn (786-7129)

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government & Housing. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Staff: Rick Peterson (786-7150)

Background:

County treasurers operate under the authority of various state statutes relating to the receipt, processing, and disbursement of funds. County treasurers are the custodian of the county's money and the administrator of the county's financial transactions. In addition to his or her duties relating to county functions, the county treasurers provide financial services to special purpose districts and other units of local government, including receipt, disbursement, investment, and accounting of the funds of each of these entities. County treasurers are responsible for the collection of various taxes (including legal proceedings to collect past due amounts) and other miscellaneous duties, such as conducting bond sales and sales of surplus county property.

Among a county treasurer's duties in collecting taxes is the establishment of the county's tax rolls. The county treasurer's establishment of the yearly tax rolls is the prerequisite to the county treasurer having the authority to levy and receive taxes. Until 2007, the county treasurer could not receive tax payments prior to February 15. The 2007 Legislature eliminated this requirement. The county treasurer may receive tax payments once the tax roll for the current year's collection is complete.

The first half of property taxes are due by April 30 and the second half on October 31. The interest rate on delinquent property taxes is 12 percent.

Property tax refunds can be made if there has been a mistake or an error in the tax bill. Also, refunds are given if the property's value has been reduced due to an appeal. The claim for refund must be made within three years after the taxpayer paid the property tax. However, the county legislative authority may order a refund for an unlimited period.

Diking, drainage, or sewerage improvement district assessments for construction or

maintenance of improvements are collected in the same manner as property taxes. The annual assessments or installments of assessments for construction and maintenance and repairs are due in two equal installments. The first is payable by May 30 and the second by November 30. The rate of interest on late delinquencies is 10 percent.

The real estate excise tax is collected by the county treasurer. The tax generally applies to sales of real property. The county treasurer must put a stamp on the instrument of sale or conveyance showing the tax has been paid before the instrument can be filed with the county auditor.

Summary of Engrossed Second Substitute Bill:

Beginning Date for the Collection of Taxes and Assessments.

Statutes that reference the February 15 property tax collection date are amended to reference the date of the completion of the tax roll rather than the date of tax collection. Accordingly, a county treasurer is authorized to begin collecting various taxes and assessments once he or she completes the yearly tax rolls.

Property Tax Refund Claims.

All property tax refund claims must be filed with the county treasurer within three years of the due date for payment. The discretionary power of the county legislative authority to authorize such refunds beyond this three year time limit is eliminated.

Payment of Assessments by Diking, Drainage, and Sewerage Improvement Districts.

The payment dates for diking, drainage, or sewerage improvement district assessment are changed to the dates used for property tax collections: April 30 for the first half payment and October 31 for the second half. The interest rate charged on delinquent assessment payments is increased from 10 to 12 percent per annum.

Official Verification of the Payment of Real Estate Excise Taxes and Liens.

Prior to the recording of the sale of property subject to the real estate excise tax or a tax lien, a county treasurer is required to affix a "verification of payment" to specified official documents to evidence payment of the tax or the satisfaction of the lien. The requirement that the treasurer use a "stamp" to verify such payment is eliminated.

Authorization of Tax Levies for Payment of Tax Refunds and Tax Abatement Reimbursement.

Local taxing districts are authorized to levy additional property taxes for the following purposes:

- funding the payment of tax refunds, including interest, as ordered by the county treasurer or county legislative authority; and

- reimbursing the taxing district for tax abatements resulting from real or personal property that: (1) has been destroyed in whole or in part; or (2) is located in a disaster area and has been reduced in value by more than 20 percent.

These provisions apply retroactively to January 1, 2009 and apply to taxes levied for collection in 2010 and thereafter.

Approval of Open Space Tax Applications.

Open space tax applications for properties that are located in incorporated areas must be authorized by the granting authority through either one of two alternative methods:

- by a resolution passed at a joint meeting of the county and city granting authorities (members may participate telephonically); or
- by separate, but identical, resolutions adopted at separate meetings of the city and county granting authorities approving an identical application.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony (Local Government & Housing):

(In support) This is exactly the same bill that passed the Finance Committee and the House but died in the Senate. This is a good and necessary bill that makes various changes to statutory provisions pertaining to county treasurers. The bill has three key components: (1) taxes become collectible upon completion of the tax roles; (2) property tax refund claims must be made within three years of due date for payment and; (3) changes are made regarding taxing provisions pertaining to diking districts. The bill cleans up some problematic statutes and creates consistency in the various laws governing the duties of treasurers.

(Opposed) None.

Staff Summary of Public Testimony (Finance):

(In support) County treasurers encourage passage of the bill.

(Opposed) None.

Persons Testifying (Local Government & Housing): Representative Takko, prime sponsor; Rose Bowman, Lewis County Treasurer; Ron Strabbing, Gray's Harbor County Treasurer; and Lisa Frazier, Mason County Treasurer.

Persons Testifying (Finance): James McMahan, Washington Association of County Officials.

Persons Signed In To Testify But Not Testifying (Local Government & Housing): None.

Persons Signed In To Testify But Not Testifying (Finance): None.